

TRANSPORTATION REVENUE TRACKING REPORT

DEPARTMENT OF MOTOR VEHICLES

HIGHWAY MAINTENANCE & OPERATING AND TRANSPORTATION TRUST FUNDS

STATE TAXES AND FEES

(\$ Thousands)

Revenue Sources	FY 01 _1/ Forecast	May-01		Fiscal Year-To-Date				
		Revenue Collected	% Change Year Ago	Revenue Collected	Revenue Forecast	\$ Variance	% Change	
							Actual	Forecast
Motor Fuels Taxes _2/	\$768,665	\$66,371	(9.1)	\$670,254	\$663,229	\$7,025	0.7	(0.3)
Motor Vehicle Sales & Use Tax _3/	486,146	45,020	(1.0)	453,835	441,641	12,193	0.7	(2.0)
State Retail Sales Tax	390,200	31,772	(1.0)	355,270	355,827	(557)	4.3	4.4
Motor Vehicle Licenses	141,989	14,182	1.6	132,603	128,874	3,729	2.1	(0.7)
International Registration Plan	57,880	5,645	10.2	45,942	51,146	(5,204)	(0.7)	10.5
Priority Transportation Fund	35,234	1,667	0.0	6,667	6,667	0	0.0	
Interest Earnings	6,843	16	905.7	11,381	6,637	4,744	55.6	(9.2)
Miscellaneous _4/	13,317	1,419	6.3	17,687	12,168	5,520	12.5	(22.6)
Total State Taxes and Fees	\$1,900,273	\$166,092	(2.9)	\$1,693,638	\$1,666,188	\$27,450	2.3	0.6

_1/ November 2000 Forecast.

_2/ Includes the road tax and applicable aviation taxes.

_3/ Includes applicable rental tax.

_4/ Miscellaneous fees in the Highway Maintenance and Operating Fund.

Note: Due to rounding columns may not add up exactly

Bottom Line

The strength of the Virginia economy is still evident in the May 2001 revenue results. Whereas this month's total revenues fell by 2.9 percent compared to the same month last year, overall revenues for the current eleven-month period have increased 2.3 percent. Continued strong growth shows up in State Retail Sales Tax and Motor Vehicle Licenses. At the same time, Motor Fuel Taxes and Motor Vehicle Sales and Use Tax remain positive but only slightly ahead of last year.

Motor Fuels Tax

Motor Fuel Tax revenues decreased 9.1 percent for the month but are still running 0.7 percent ahead on a YTD basis. Net taxable gallons are ahead of the same month last year by 1.5 percent and running a surprisingly 4.6 percent ahead on a year-to-date basis. The forecast had anticipated a drop of 1.4 percent in net taxable gallons for the year. However, consumers seem to be immune from the higher pump prices that are now averaging \$1.50 for regular gasoline. Also, a recent report by the U. S. government indicates that consumers have not changed their summer travel plans given the high cost of motor fuel.

Motor Vehicle Sales and Use Tax

Motor Vehicle Sales and Use Tax revenues are down 1.0 percent for the month but remain ahead by 0.7 percent for the year. National vehicle sales, and to some degree sales in Virginia as well, have remained remarkably resilient. For the nation, vehicle sales came in at the same level as last month (16.7 million units). This month, new and used taxable titles in Virginia exceeded the numbers for last month. According to national industry spokesman, this year is shaping up to the third best ever. In Virginia, used taxable titles grew 0.6 percent for the month but are behind last year by 1.2 percent.

New taxable titles fell 2.3 percent and on a YTD basis are behind last year by 2.4 percent. The torrid pace of vehicle sales has definitely slowed, but it is by no means stopped.

State Retail Sales Tax

State Retail Sales Tax revenue is down 1.0 percent for the month but remains on target on a YTD basis with a positive growth of 4.3 percent. The monthly decline could be the result of the reduction in new home sales for the month and continued weak consumer confidence. However, home sales are expected to remain strong although at a level less than last year and lower interest rates are both positive influences on this revenue source.

Motor Vehicle Licenses

Motor Vehicle License revenues increased 1.6 percent for the month and are still running ahead on a year to date basis by 2.1 percent. One year registrations are down for the month by 1.4 percent but two year registrations are up a very strong 13.7 percent. Two-year registrations are running 11.4 percent ahead for the year, which is a direct result of the increase incentive being offered for two-year registrations. Since the difference between the incentive offered for one year and two year registrations has increased, one year registrations are running behind on a YTD basis by 0.8 percent.

Other Revenues

International Registration Plan (IRP) revenues are up for the month by 10.2 percent but are down 0.7 percent on a YTD basis. Interest earning is higher than expected due to payments received from Priority Transportation Fund deposits. Miscellaneous revenues exceed last year by 12.5 percent due primarily to larger overload permits revenues and liquidated damage fees.

HIGHWAY MAINTENANCE AND OPERATING FUND (HMOF)

(\$ in Thousands)

Revenue Sources	FY 01 _1/ Forecast	May-01		Fiscal Year-To-Date				
		Revenue Collected	% Change Year Ago	Revenue Collected	Revenue Forecast	\$ Variance	% Change Actual	% Change Forecast
Motor Fuels Taxes _2/	\$664,096	\$57,007	(9.2)	\$573,569	572,667	\$902	0.1	(0.0)
Motor Vehicle Sales and Use Tax	312,900	28,441	(3.0)	289,654	284,373	5,281	0.4	(1.4)
Motor Vehicle Licenses	123,564	12,282	1.5	115,162	112,222	2,940	1.9	(0.7)
International Registration Plan	57,880	5,645	10.2	45,942	51,146	(5,204)	(0.7)	10.5
Miscellaneous	13,317	1,419	6.3	17,687	12,168	5,520	12.5	(22.6)
Total State Taxes and Fees	\$1,171,757	\$104,794	(5.3)	\$1,042,014	\$1,032,576	\$9,439	0.5	(0.4)
Federal Grants and Contracts _3/	5,697	1,687	39.2	9,600	n/a	n/a	19.4	n/a
Transfer to TTF _4/	(4,008)	(1,336)	#N/A	(638)	n/a	n/a	-3,884	n/a
Total HMOF	\$1,173,446	\$105,145	(6.0)	\$1,050,976	n/a	n/a	(2.9)	n/a

_1/ November 2000 Forecast.

_2/ Includes the road tax.

_3/ Revenues reflect prior period activity and are not a reliable measure of revenue or fiscal capacity of the State's program.

_4/ Current law provides for balances to be transferred to the Transportation Trust Fund (TTF).

Note: Due to rounding columns may not add up exactly.

TRANSPORTATION TRUST FUND

(\$ in Thousands)

Revenue Sources	FY 01 _1/ Forecast	May-01		Fiscal Year-To-Date				
		Revenue Collected	% Change Year Ago	Revenue Collected	Revenue Forecast	\$ Variance	% Change Actual	% Change Forecast
Motor Fuels Taxes _2/	\$104,569	\$9,364	(8.4)	\$96,685	\$90,562	\$6,123	4.4	(2.2)
Motor Vehicle Sales and Use Tax _3/	173,246	16,579	2.6	\$164,181	157,269	6,912	1.3	(3.0)
Priority Transportation Fund	35,234	1,667	0	\$6,667	6,667	0	0.0	
State Retail Sales Tax	390,200	31,772	(1.0)	\$355,270	355,827	(557)	4.3	4.4
Motor Vehicle Licenses	18,425	1,900	2.9	\$17,440	16,652	788	3.8	(0.9)
Interest Earnings	6,843	16	905.7	\$11,381	6,637	4,744	55.6	(9.2)
Total State Taxes and Fees	\$728,517	\$61,298	1.6	\$651,624	\$633,613	\$18,011	5.2	2.3
Federal Grants and Contracts _4/	765,713	56,772	39.2	502,600	n/a	n/a	12.7	n/a
Local Contributions _5/	39,022	1,198	(92.0)	19,110	n/a	n/a	(73.2)	n/a
Toll and Other Revenues _6/	57,389	5,780	-10.3	72,680	n/a	n/a	19.4	n/a
Transfers from HMOF	4,008	0	#N/A	0	n/a	n/a	92.6	n/a
Total TTF	\$1,594,649	\$125,048	2.0	\$1,246,014	n/a	n/a	2.8	n/a

TOTAL TRANSPORTATION FUNDS

Total HMOF & TTF Revenues	<u>\$2,768,094</u>	<u>\$230,193</u>	<u>(1.8)</u>	<u>\$2,296,990</u>	<u>n/a</u>	<u>n/a</u>	<u>0.8</u>	<u>n/a</u>
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_1/ November 2000 Forecast.

_2/ Includes road and aviation fuel taxes.

_3/ Includes applicable rental tax.

_4/ Revenues reflect prior period activity and are not a reliable measure of revenue or the fiscal capacity of the State's program.

_5/ Local government contributions are received on a cost-share basis as provided by law.

National Vehicle Sales and Virginia Total Taxable Titles

National vehicle sales of all types have held up surprising well during the recent downturn in the economy. Sales on an annualized basis have exceeded 16.5 million units each month with the exception of December 2000. On reflection, that month appears as an anomaly and not the start of a trend downward. It is important to understand the factors involved in the strong growth in vehicle sales as FAO looks at the next fiscal year and begins to prepare its revenue forecast. The following table presents national data on vehicle sales.

		Vehicle Sales (Mil. SAAR)							
		May-01	Apr-01	Mar-01	Feb-01	Jan-01	Dec-00	Nov-00	Oct-00
Total Vehicle Sales		16.7	16.7	17.1	17.5	17.2	15.5	16.6	16.9
Autos		8.4	8.6	8.4	9.0	8.8	7.9	8.5	8.5
Light Trucks		8.3	8.1	8.8	8.5	8.4	7.6	8.1	8.4
General Motors Vehicle Sales		4.7	4.4	4.7	5.2	5.0	4.2	4.3	5.1
Ford Vehicle Sales		3.8	3.9	4.1	3.9	3.8	3.4	3.9	3.7
Daimler Chrysler Vehicle Sales		2.1	2.3	2.5	2.6	2.3	2.1	2.4	2.4
Honda Vehicle Sales		1.2	1.2	1.1	1.2	1.3	1.1	1.1	1.1
Toyota Vehicle Sales		1.8	1.8	1.7	1.6	1.7	1.7	1.7	1.6
Nissan Vehicle Sales		0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.7

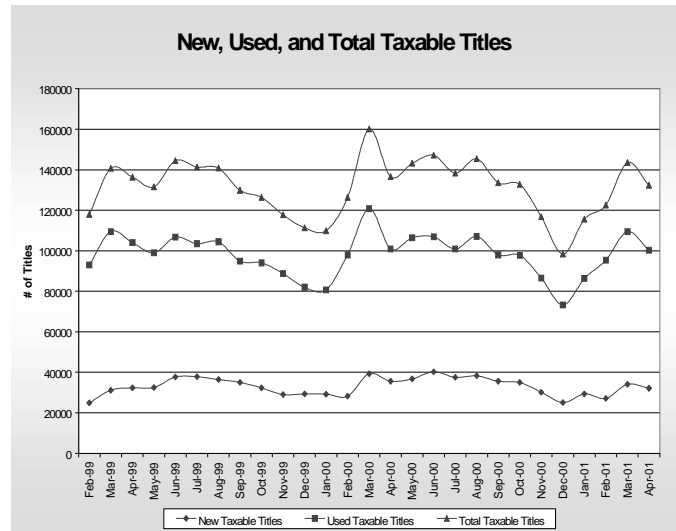
Source: Economy.com

Clearly, vehicle sales are sensitive to interest rate changes and there have been five reductions this fiscal year. It is suspected that the Federal Reserve Bank will reduce short-term interest rates one more time in their next meeting, which is held at the end of June.

Secondly, total sales include fleet sales and last month's total included a considerable amount of fleet sales. Last month was the month most corporations place orders for fleet replacement vehicles. They get the best discounts on the "old" models before the model year changes.

Third, consumers respond to incentives and rebates offered up by dealers and manufacturers. The interest rates reductions have allowed manufacturers to lower the cost of borrowing for the purchase of a new vehicle and rebates have risen dramatically in order to maintain sales figures (this is particularly true for Daimler Chrysler products).

The previous table is illustrative of another fact. Although total vehicle sales are lower than they were a year ago, the percentage of total sales provided by foreign firms has risen. American automotive firms are slowly losing market share to foreign companies many of which now have production facilities in the United States.



How have new and used vehicle sales performed in Virginia over the last year or two? FAO maintains detail statistics on New and Used Taxable Titles. Taxable titles are those title transactions that result in the payment of the sales and use tax. It does not include those title transactions on exempt vehicles; such as those for state and local governments. Therefore, it does not represent ALL vehicles sold in Virginia, but it comes rather close to the total.

The chart above shows New, Used and Total Taxable Titles from February 1999 to April 2001. First, one can see that total taxable titles are driven by used titles; they are four (4) times as great as new titles. Secondly, the explosion in vehicle sales that began in January 2000 continued all the way through the year and only slightly abated in December 2000. As this chart shows, strong vehicle sales continues in Virginia through April 2001. However compared to last year, current new and used taxable titles are down on a year to date basis.

Key Revenue Indicator Tracking Report
May-01

Key Indicator	FY 2000 Total	FY 2001 Forecast*	Month		%	Year-to-Date		% Annual Growth	
			FY 2001	FY 2000		FY 2001	FY 2000	% Change	Required By Forecast
Net Taxable Gallons (000's)	4,522,879	4,459,240							(1.4)
Mar-01			365,181	359,772	1.5	3,515,481	3,360,694	4.6	
Total Taxable Vehicle Sales (000's)	16,039,842	15,868,665	1,425,588	1,404,927	1.5	14,519,945	14,520,640	(0.0)	(1.1)
New Taxable Vehicle Sales (000's)	9,025,279	8,823,036	782,952	779,152	0.5	8,153,570	8,157,025	(0.0)	(2.2)
Used Taxable Vehicle Sales (000's)	7,014,563	7,045,629	642,636	625,776	2.7	6,366,375	6,363,615	0.0	0.4
Total Taxable Titles	1,590,691	1,544,560	143,044	143,196	(0.1)	1,422,268	1,443,553	(1.5)	(2.9)
New Taxable Titles	409,400	389,160	35,935	36,775	(2.3)	360,327	369,077	(2.4)	(4.9)
Used Taxable Titles	1,181,291	1,155,400	107,109	106,421	0.6	1,061,941	1,074,476	(1.2)	(2.2)
Average Price All Motor Vehicles	\$10,078	\$10,256	\$9,966	\$9,811	1.6	\$10,160	\$10,057	1.0	1.8
Average Price New Vehicles	22,045	22,672	21,788	21,187	2.8	22,628	22,101	2.4	2.8
Average Price Used Vehicles	5,938	6,098	6,000	5,880	2.0	5,995	5,923	1.2	2.7
Total Vehicle Registrations	5,866,003	5,906,810	560,183	556,433	0.7	5,302,631	5,260,033	0.8	0.7
One-Year Registrations	5,082,364	5,138,480	474,247	480,849	(1.4)	4,526,984	4,563,683	(0.8)	1.1
Two-Year Registrations	783,639	768,330	85,936	75,584	13.7	775,647	696,350	11.4	(2.0)

Twelve Month Rolling Average¹

May-01

|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|